Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Message Text

UNCLASSIFIED

PAGE 01 MADRID 09069 01 OF 02 071442Z
ACTION XMB-04

INFO OCT-01 EUR-12 ISO-00 EB-08 OMB-01 FRB-01 L-03
INR-10 INRE-00 SSO-00 /040 W
----------121149 071522Z /46
O 071434Z AUG 78
FM AMEMBASSY MADRID
TO SECSTATE WASHDC IMMEDIATE 5639
INFO DEPT OF TREASURY WASHDC

UNCLAS SECTION 01 OF 02 MADRID 09069

DEPARTMENT PASS TO EXIMBANK ROBERT KAISER

E.O. 11652: N/A
TAGS: MASS, EFIN, SP
SUBJECT: AMENDMENT AND EXTENSION OF EXIM CREDIT 2852

REF: KAISER-PLATT TELECON AUGUST 4

1. EMBASSY HAS RECEIVED COPY OF A LETTER DATED JULY 28 FROM THE DIRECTOR GENERAL OF THE SPANISH TREASURY TO THE PRESIDENT OF THE EXPORT IMPORT BANK. UNOFFICIAL EMBASSY TRANSLATION FOLLOWS:

DEAR MR. PRESIDENT:

I REFER TO THE LETTER OF THE GENERAL COUNSEL OF THE EXPORT-IMPORT BANK, DATED APRIL 4, 1978, PROPOSING THE MODIFICATION OF CREDIT AGREEMENT NO. 2852, ENTERED INTO BETWEEN THAT BANK AND THE SPANISH STATE ON JULY 15, 1971.

AMONGST THE CONDITIONS REQUIRED TO EXTEND THE PERIOD OF AVAILABILITY OF THE CREDIT, THERE APPEARS THE INCREASE OF THE INTEREST RATE FOR THE DISBURSEMENTS MADE UP TO 7.5 PERCENT PER ANNUM. THE INTEREST RATE AGREED TO IN THE 1971 AGREEMENT WAS, AS YOU KNOW MR. PRESIDENT, 6
UNCLASSIFIED

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PAGE 02 MADRID 09069 01 OF 02 071442Z

PERCENT.

WHEN EARLY IN 1976 THE JOINT SPANISH-U.S. COMMITTEE DISCUSSED THE POSSIBILITY OF INCREASING THE INTEREST RATE TO 7.5 PERCENT, THE MINISTRY OF FINANCE, THROUGH THE DIRECTORATE GENERAL OF THE TREASURY AND THE BUDGET, NOTIFIED ITS POSITION CONTRARY TO SUCH AN INCREASE IN A

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

LETTER DATED FEBRUARY 16, 1976 ADDRESSED TO THE MILITARY SECRETARY GENERAL OF THE JOINT SPANISH-U.S. COMMITTEE, REMINDING HIM, BESIDES, THAT IN ORDER THAT THE SPANISH PARTY COULD VALIDLY ACCEPT SUCH A MODIFICATION IN THE CONDITIONS OF THE CREDIT, IT WAS NECESSARY TO HAVE A LEGAL NORM; THAT IS, A LAW OR A DECREE-LAW, WHICH WOULD AUTHORIZE IT.

INEXPLICABLY, AND WITH REGARDS TO THE DISBURSEMENTS MADE DURING 1976 AND THEREAFTER, THE BANK (EXIM) STARTED LIQUIDATING (CHARGING) INTEREST AT 7.5 PERCENT, WHICH MEANS A UNILATERAL MODIFICATION OF THE TERMS OF THE AGREEMENT OF JUNE 15, 1971, WHICH THIS MINISTRY OF FINANCE CANNOT ACCEPT.

AS IS JUSTIFIED ON THE ATTACHED TABLE, THE AMOUNTS UNDULY CHARGED THE SPANISH STATE FOR THIS DIFFERENCE IN INTERESTS AMOUNT TO DATE U.S. $90,050.59, WHICH THE EXIMBANK OUGHT TO RETURN TO THE SPANISH STATE, EITHER BY CREDITING SUCH AMOUNT IN THE ACCOUNT OF THE PUBLIC TREASURY IN THE FOREIGN DEPARTMENT OF THE BANK OF SPAIN, OR EITHER DE-DUCTING IT FROM THE FIRST LIQUIDATION (CHARGING) OF INTEREST TO BE MADE BY THE EXIMBANK.

I TRUST, MR. PRESIDENT, THAT YOU WILL BE ABLE TO UNDERSTAND THE STRICTLY LEGAL REASONS THAT SUPPORT OUR UNCLASSIFIED

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PAGE 03 MADRID 09069 01 OF 02 071442Z

POSITION OF SCRUPULOUSLY FOLLOWING WHAT HAS BEEN AGREED TO BY BOTH PARTIES.

SINCERELY YOURS.

DIFFERENCES IN LIQUIDATION OF INTERESTS OF THE AMOUNTS MADE AVAILABLE AFTER DECEMBER 31, 1975 OF THE $60 MILLION CREDIT FOR NATIONAL DEFENSE NO. 2852, BETWEEN THE 6 PERCENT WHICH WAS AGREED UPON IN THE CREDIT AND THE 7.5 PERCENT UNDULY LIQUIDATED (CHARGED) BY THE EXPORT-IMPORT BANK BEGINNING IN 1976:

DUE DATE 9-30-76:

A) $1,522,710 FOR 183 DAYS..... AT 7.5 PERCENT EQUALS $57,258.07.... AT 6 PERCENT EQUALS $45,806.45....
DIFFERENCE $11,451.62

B) $712,808.50 FOR 97 DAYS..... AT 7.5 PERCENT EQUALS $14,207.35..... AT 6 PERCENT EQUALS $11,365.87...
DIFFERENCE $2,841.48

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

TOTAL (A PLUS B) EQUALS $14,293.10;

DUE DATE 3-31-77:

A) $1,522,710 FOR 182 DAYS..... AT 7.5 PERCENT EQUALS
$56,945.18.... AT 6 PERCENT EQUALS $45,556.14....
DIFFERENCE $11,389.04

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PAGE 01 MADRID 09069 02 OF 02 071445Z
ACTION XMB-04

INFO OCT-01 EUR-12 ISO-00 EB-08 OMB-01 FRB-01 L-03
INRE-00 INR-10 SSO-00 /040 W
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O 071434Z AUG 78
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TO SECSTATE WASHDC IMMEDIATE 5640
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UNCLAS SECTION 02 OF 02 MADRID 09069

B) MINUS $159,680 FOR 182 DAYS... AT 7.5 PERCENT EQUALS
$5,971.59..... AT 6 PERCENT EQUALS $4,777.27.....
DIFFERENCE MINUS $1,194.32

C) $712,808.50 FOR 182 DAYS.... AT 7.5 PERCENT EQUALS
$26,657.09.... AT 6 PERCENT EQUALS $21,325.66....
DIFFERENCE $5,331.43

D) $1,429,564 FOR 107 DAYS..... AT 7.5 PERCENT EQUALS
$31,430.83.... AT 6 PERCENT EQUALS $25,144.65....
DIFFERENCE $6,286.18

TOTAL (A PLUS B PLUS C PLUS D) EQUALS $21,812.33

DUE DATE 9-30-77:

A) $1,967,073.50 FOR 183 DAYS... AT 7.5 PERCENT EQUALS
$73,967.35.... AT 6 PERCENT EQUALS $59,173.88....
DIFFERENCE $14,793.47
B) $1,327,452 FOR 183 DAYS..... AT 7.5 PERCENT EQUALS
$49,915.83.... AT 6 PERCENT EQUALS $39,932.66....
DIFFERENCE $9,983.17

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

C) $485,672 FOR 175 DAYS..... AT 7.5 PERCENT EQUALS
$17,464.23.... AT 6 PERCENT EQUALS $13,971.38....
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DIFFERENCE $3,492.85

TOTAL (A PLUS B PLUS C) EQUALS $28,269.49

DUE DATE 3-31-78:

A) $1,225,340 FOR 182 DAYS..... AT 7.5 PERCENT EQUALS
$45,824.56.... AT 6 PERCENT EQUALS $36,659.48....
DIFFERENCE $9,165.08

B) $1,756,478.50 FOR 182 DAYS.. AT 7.5 PERCENT EQUALS
$65,687.48.... AT 6 PERCENT EQUALS $52,687.48....
DIFFERENCE $13,137.50

C) $450,981 FOR 182 DAYS..... AT 7.5 PERCENT EQUALS
$16,865.45.... AT 6 PERCENT EQUALS $13,492.36....
DIFFERENCE $3,373.09

TOTAL (A PLUS B PLUS C) EQUALS $25,675.67

TOTAL DIFFERENCE IN DOLLARS TO BE RETURNED TO SPAIN
$90,050.59

(BASE FOR CALCULATING INTEREST IS 365 DAYS/YEAR).
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Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CREDIT, AMENDMENTS, TEXTS, PUBLIC CORRESPONDENCE
Control Number: n/a
Copy: SINGLE
Draft Date: 07 aug 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
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Format: TEL
From: MADRID
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Litigation History:
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Original Previous Classification: n/a
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Previous Handling Restrictions: n/a
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Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1820847
Secure: OPEN
Status: NATIVE
Subject: AMENDMENT AND EXTENSION OF EXIM CREDIT 2852
TAGS: MASS, EFIN, SP, XMB
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/146d9a67-c288-dd11-92da-001cc4696bcc
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